

Special Education Open Enrollment Tuition Billing and Aid Transits

Revised May 1, 2014

Open enrollment payments for special education pupils are not included in DPI's year-end open enrollment reconciliation. Instead, the enrolling district bills the resident district directly, dividing tuition between the flat-rate open enrollment base amount (which goes into Fund 10) and the additional special education cost (which goes into Fund 27). Tuition should be determined and agreed upon using DPI form PI-9423 (available at <http://oe.dpi.wi.gov/special-ed>). Special education open enrollment tuition includes only the additional cost incurred by the enrolling district to serve those pupils, not a prorated share of the overall special education program.

As part of the tuition agreement, there should be an understanding about transiting the categorical aid received by the enrolling district back to the resident district in the following year. DPI does not require a particular method for determining the amount of aid to transit, nor do we get involved in establishing a method between districts. There are a few common practices that districts use:

- Multiplying the aid-eligible special education tuition by the final aid proration rate
- Specifying a percentage of the special education tuition billed
- Specifying an amount based upon the estimated costs for a pupil

We recommend that aid transits be processed separately from billing tuition, to ensure that both districts are clear about the correct coding for all transactions. Some districts will use aid transits or other refunds as a credit against the tuition billed. As discussed in the following scenario, we do not recommend the latter method unless both districts are explicitly clear about the correct way to book and code the invoice.

Scenario

A special education pupil residing in District A enrolls into District B under a special education tuition agreement. This is the only such pupil enrolling from District A to District B. At the end of the school year District B totals up its additional special education costs for the pupil, all of which are eligible for categorical aid:

Fund 10 Flat-Rate Tuition	\$6,335.00
Special Education Aide Salary and Benefits	\$49,249.76
IEP-Required Speech and Language Services	\$2,530.49
Fund 27 SPED Tuition	\$51,780.25

Meanwhile, District B discovered that the prior year's tuition bill to District A was based upon estimated costs, rather than actual costs, and as a result District A had overpaid:

District A Prior Year Overpayment	\$9,536.00
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Finally, District B needs to transit categorical aid received on the prior year's open enrollment costs. The total aid-eligible costs were \$65,155.55. The districts had agreed to multiply that amount by the final aid proration in the current year (current year aid is paid on prior year costs) and the proration rate was 27.47%. Multiplying the costs by the proration rate gives the amount of aid to transit:

Prior Year SPED Categorical Aid Transit	\$17,898.23
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How should District B bill for tuition and pay the refund and aid transit? The most straightforward method would be for District B to invoice District A for the tuition, and issue a separate check for the refund and aid transit. However, District B might wish to combine everything into a single invoice. The latter method saves a bit of paperwork but creates a potential problem with getting the coding correct.

Separate Invoice and Payment

The clearest way to resolve all of the individual entries would be for District B to separate the invoice for money District A owes them from the payment they owe to District A:

INVOICE TO DISTRICT A		ACCOUNTS	
<i>Item</i>	<i>Cost</i>	<i>District A</i>	<i>District B</i>
Tuition payment (flat-rate OE)	\$6,335.00	10E-435000-382	10R-000000-345
Tuition payment (SPED OE)	\$51,780.25	27E-437000-382-019	27R-000000-347
TOTAL	\$58,115.25		

CHECK TO DISTRICT A		ACCOUNTS	
<i>Item</i>	<i>Cost</i>	<i>District A</i>	<i>District B</i>
Prior year overpayment refund	\$9,536.00	27R-000000-971	27E-492000-971-019
Prior year SPED categorical aid transit	\$17,898.23	27R-000000-316	27E-491000-936-019
TOTAL	\$27,434.23		

With this method, the correct coding and booking of all entries is clear.

Combining Into a Single Invoice

However, District B could decide to save some paperwork and issue a single invoice to District A:

INVOICE TO DISTRICT A	
<i>Item</i>	<i>Cost</i>
Tuition payment (flat-rate OE)	\$6,335.00
Tuition payment (SPED OE)	\$51,780.25
Prior year overpayment credit	(\$9,536.00)
Prior year SPED categorical aid transit	(\$17,898.23)
TOTAL	\$30,681.02

District A would then pay the invoice with a single check. How would both districts code this?

Note: For the following illustrations, revenues are shown as positive amounts and expenditures as negative amounts.

INCORRECT CODING

It might seem easiest to simply divide the total between the Fund 10 flat-rate open enrollment amount and the Fund 27 special education amount. This would result in only two entries with the following coding for each district:

	District B		District A	
	<i>Account</i>	<i>Amount</i>	<i>Account</i>	<i>Amount</i>
Tuition payment (flat-rate OE)	10R-000000-345	\$6,335.00	10E-435000-382	(\$6,335.00)
Tuition payment (SPED OE)	27R-000000-347	\$24,346.02	27E-437000-382-019	(\$24,346.02)
TOTALS		\$30,681.02		(\$30,681.02)

However, this coding is incorrect because it under-reports the amount of special education tuition paid and omits any of the prior year transactions, including the aid transit.

CORRECT CODING

Instead, all four entries included as part of the invoice must be coded separately by both districts:

	District B		District A	
	<i>Account</i>	<i>Amount</i>	<i>Account</i>	<i>Amount</i>
Tuition payment (flat-rate OE)	10R-000000-345	\$6,335.00	10E-435000-382	(\$6,335.00)
Tuition payment (SPED OE)	27R-000000-347	\$51,780.25	27E-437000-382-019	(\$51,780.25)
Prior year overpayment refund	27E-492000-971-019	(\$9,536.00)	27R-000000-971	\$9,536.00
SPED categorical aid transit	27E-491000-936-019	(\$17,898.23)	27R-000000-316	\$17,898.23
TOTALS		\$30,681.02		(\$30,681.02)

Note that the correct coding has the same net payment by District A to District B, but it reflects the full amount of open enrollment tuition as well as the prior year transactions.

More Information

The School Financial Services team has an entire page of WUFAR accounting issues and examples, including a specific “Open Enrollment” document with coding examples for both regular and special education open enrollment:

http://sfs.dpi.wi.gov/sfs_wufaracct_code_ex

Details on eligible costs and proration of special education categorical aid are available at:

http://sfs.dpi.wi.gov/sfs_speced

If you have questions, please contact:

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